

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 2 cents to \$1.3600, Grade A is up 2 cents to \$1.2600, and Grade B is unchanged at \$1.2400. Also at the CME, barrel cheese increased 2 cents to \$1.4200 and 40# blocks are unchanged at \$1.4300.

According to ERS and AMS, commercial disappearance of dairy products during the first 11 months of 1997 totals 143.7 billion pounds, 1.8 million pounds (1.5%) more than the comparable period in 1996. Comparing disappearance levels with a year ago American and other cheese were higher; but butter, NDM, and fluid products were all lower.

According to USDA, Foreign Agriculture Service, cow milk production in selected countries for 1997 is estimated at 381.3 million tons, up 2% from 1996. For 1998, cow milk production is forecast to increase another 2 million tons. South America, Australia, and India are expected to show significant increases, while only moderate growth occurs in the U.S. For the major dairy products, only butter production, at 5.1 million tons, showed a decrease in 1997. Output of cheese, nonfat dry milk, and whole milk powder, estimated at 11.8, 3.1, and 2.5 million tons respectively, each showed some growth in 1997. For 1998, cheese production is forecast to gain another 2%, butter output may gain 1% while output of NDM declines about 1%.

International trade flows for the major dairy products strengthened in 1997 with butter showing an especially strong recovery. Total butter exports in 1997 are now estimated at 779,000 tons, 12% above 1996. Shipments to Russia accounted for nearly all of the growth on the import side. Total 1998 butter exports are forecast to drop back to 715,000 tons. Total cheese exports in 1997 are estimated at 976,000 tons, up 6% from 1996. Preliminary trade data for NDM indicate a sharp gain in 1997 exports, pushing the total above one million tons. The U.S., with increased DEIP activity, and Oceania accounted for most of the increase at the aggregate level. Aggregate exports of NDM are expected to show little change in 1998 even with reduced exports from the U.S.

Trade in WMP moved upward again in 1997 and will likely maintain that level in 1998.

Weather continues to impact milk production in parts of the East, New Mexico and Arizona. Some dairy farmers have yet to recover from the earlier winter storms and milk production has yet to return to normal. In addition, snow blanketed portions of Virginia and the Carolinas and affected farm milk pickup and distribution patterns. In Florida, milk receipts continue to build and surplus volumes are leaving the state for processing. Through much of the Central part of the country, milk receipts are steady to slightly higher. Milk production continues to increase steadily in California and the Pacific Northwest.

The NDM market tone and prices are fairly steady. Demand is light. Inventories continue to build for some producers, mainly in the West. Supplies continue to be balanced with sales to CCC. The recent weakness in the whey markets has slowed. Demand is somewhat improved as users' inventories decline. Offerings are available. The buttermilk market is steady to firm despite increases in production. Some producers are fully committed while other producers have offerings available. Buyers are trying to acquire additional inventory before supplies tighten and/or prices increase seasonally.

During the week of January 26 - 30, CCC had net purchases of 2,418,393 pounds of Western NDM under the price support program. A net total of 14.4 million pounds of NDM were cleared to CCC during January compared to 7.9 million pounds during October - December 1997.

****SPECIAL THIS ISSUE****

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ANNUAL MINIMUM FEDERAL ORDER AND ANNOUNCED COOP CLASS I

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BUTTER MARKETSCHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	JANUARY 27	JANUARY 29	JANUARY 30
AA	\$1.3400 - 1.3500 (.1950)	\$1.3400 - 1.3500 (.1950)	\$1.3400 - 1.3500 (.1950)
A	\$1.2400 - 1.2500 (.1700)	\$1.2400 - 1.2500 (.1700)	\$1.2400 - 1.2500 (.1700)

() Change from previous price.

BUTTER HIGHLIGHTS: In cash trading at the Chicago Mercantile Exchange, Grades AA & A increased 2 cents and Grade B is unchanged. Butter markets across the country remain firm. Stocks of butter are reported to be less available and additional stocks are being held with confidence. Buying interest is seasonally fair. Churning schedules are quite active, although producers are hesitant to take on large volumes of additional cream due to firm pricing. Base prices for cream have increased substantially, although multiples have eased.

CHICAGO MERCANTILE EXCHANGEBUTTER TRANSACTIONS ON FRIDAY, JANUARY 30, 1998

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	+ .0200	\$1.3600 : BID 01/30/98
A	+ .0200	\$1.2600 : BID 01/30/98
B	N.C.	\$1.2400 : BID 01/23/98

SALES: NONE

BIDS UNFILLED: 3 CARS GRADE AA:
1 @ \$1.2400, 1 @ \$1.3400, 1 @ \$1.3600 (LST)
5 CARS GRADE A: 1 @ \$1.2000, 1 @ \$1.2450,
1 @ \$1.2500, 1 @ \$1.2550, 1 @ \$1.2600 (LST)

OFFERS UNCOVERED: NONE

CHEESE MARKETSWISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	JANUARY 26 - 30, 1998
BARRELS*	\$1.4000 - 1.4250 (NOMINAL) (.0400) (.0400)
40# BLOCKS	\$1.4300 - 1.4600 (NOMINAL)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is firm on barrels, about steady on blocks. At the Chicago Mercantile Exchange, 40# blocks were unchanged at \$1.4300 and barrels increased 2 cents to \$1.4200 in relatively light trading. Current cheese interest is irregular, generally fair at best. Most buyers are trying to maintain adequate inventory for immediate needs. Overall cheese production continues to increase seasonally. CCC cheese purchases for March delivery are found on page 9 of this report.

CHEESE TRANSACTIONS ON THURSDAY, JANUARY 29, 1998

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+ .0200	\$1.4200 : SALE 01/29/98
40# BLOCKS	N.C.	\$1.4300 : SALE 01/29/98

SALES: 1 CAR BARRELS @ \$1.4200 (LST)

13 CARS 40# BLOCKS:
11 @ \$1.4275, 2 @ \$1.4300 (LST)

BIDS UNFILLED: 4 CARS BARRELS @ \$1.4200

OFFERS UNCOVERED: NONE

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS--SEPTEMBER-NOVEMBER 1997 AND YEAR-TO-DATE 1996-97 1/

Item	Sep.-Nov. 1996	Percent change 4/	Sep.-Nov. 1997	Percent change 4/	Jan.-Nov. 1996	Percent change 4/	Jan.-Nov. 1997	Percent change 4/
	Million Pounds							
<u>MILK</u>								
Production	37,290	0.0	37,692	1.1	141,416	-1.1	143,703	1.9
Marketings	36,920	0.1	37,349	1.2	140,053	-1.1	142,443	2.0
Beginning Commercial Stocks 2/	5,183	2.3	6,361	22.7	4,099	-3.8	4,704	14.8
Imports 2/	937	12.9	768	-18.0	2,549	-1.8	2,354	-7.7
Total Supply 3/	43,040	0.6	44,478	3.3	146,701	-1.2	149,501	2.2
Ending Commercial Stocks 2/	4,684	21.4	4,712	0.6	4,684	21.4	4,712	0.6
Net Removals 2/	13	-89.3	453	3,384.6	77	-96.3	1,093	1,319.5
Commercial Disappearance 3/	38,343	-1.2	39,313	2.5	141,940	-0.4	143,696	1.5
<u>SELECTED PRODUCTS 5/</u>								
Butter	282.3	-1.3	266.8	-5.5	1,064.1	-1.5	1,003.2	-5.4
American Cheese	804.6	0.5	825.6	2.6	2,956.5	2.5	2,987.4	1.4
Other Cheese	1,122.5	0.9	1,192.6	6.2	3,857.9	2.4	4,002.7	4.1
Nonfat Dry Milk	207.1	-6.2	189.5	-8.5	934.8	9.9	814.4	-12.6
Fluid Milk Products 6/	14,095.3	0.3	14,119.1	0.2	50,973.8	1.1	50,620.0	-0.4

1/ Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. 2/ Milk-equivalent, milkfat basis. Calculated using slightly different factors than previously. Further changes may be made as technical parameters become available. 3/ Totals may not add because of rounding. 4/ From year earlier on a daily average basis. 5/ Commercial disappearance in product pounds. 6/ Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA. This information is now available through AutoFAX. To request a document, dial (202) 219-1107 and enter document number 11521 when prompted.

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Prices are generally 19 1/2 cents higher and the market tone is firm, but unsettled. Some contacts were surprised by the size of the price jump at the January 23 trading at the CME. Most had expected an increase, but a more modest one. Production levels are often heavy and demand for cream for churning is still quite good. However, with prices climbing so fast, some butter makers have lowered the multiples they are offering to pay for cream. There is some storing of butter occurring, but prices may now be just a little too high to store sizeable quantities. Producers' stocks range from adequate to building. Demand is good, but higher prices are expected to curtail interest. Retail movement is just fair, and food service orders are slowing.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	: 1.5500-1.7975
1 LB. PRINTS	: 1.4650-1.6475
CHIPS/PATTIES	: 1.5275-1.7075
REDDIES	: 1.6025-1.7975
CONTINENTALS	: 1.6825-1.8575

CENTRAL

Print butter prices are sharply higher following January 23 cash trading at the Chicago Mercantile Exchange. Butter producers and handlers were aware that the market was firm, but were very surprised at the substantial increase in trading values. Although prices adjusted nearly 20 cents higher, orders this week are steady. In most instances, buyers are placing regular orders for short term or immediate needs with buyers more cautious about securing additional stocks for future use. Churning schedules are seasonally active, although butter producers are hesitant to take on large volumes of additional cream due to firm pricing.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	: 1.4400-1.8475
1 LB. PRINTS	: 1.4050-1.5675
CHIPS/PATTIES	: 1.4300-1.6400
REDDIES	: 1.5150-1.7500
CONTINENTALS	: 1.6700-1.8600

WEST

Print butter prices in the Western region are sharply higher following trading at the CME on January 23. Many Western contacts are surprised at the magnitude of the increase at this season of the year. Most were assuming some increase was possible, but not this far this fast. Western contacts do call the market tight. Butter is easily moving from the West to the Midwest and East at the higher prices. The relationship to the base price is also increasing for most sellers. Production ranges from steady to lower depending on the available cream supply. These price increases have taken place after last week's Cold Storage Report announcement that indicated higher butter stocks are present. U.S. holdings at the end of December totaled 18.4 million pounds, up 33.9% from a year earlier and up 19.5% from November 1997.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.6225-1.6900
1 LB. PRINTS	: 1.5525-1.6175
PATTIES	: 1.5950-1.7600
REDDIES	: 1.7200-1.7375

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.3375-1.3775
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

		BUTTER	CHEESE
		:	
01/26/98	7,939	:	101,705
01/01/98	5,399	:	102,728
CHANGE	+2,540	:	-1,023
% CHANGE	+ 47	:	-1

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.	MN/WI	OTH STATES	U.S.
JANUARY 23	1,029,386	4,703,683	5,874,031	1,260,762	4,291,527	4,998,101	9,289,628

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Prices are unchanged to higher on process items, unchanged on other natural styles. The market tone is unchanged to firm. Contacts do express surprise that prices at the CME have held on 40# blocks and jumped so much on barrels in the past several weeks. This is particularly so, in light of increasing cold storage holdings of natural American cheese and the fact that cheese output is above a year ago levels in most parts of the country. In the East, cheese output has been disrupted by the early-January ice storm. Plants are back on line, but many farms are still without electricity and using generators. It has been estimated that 8 - 10 million pounds of milk has been lost in Northern New York and parts of New England. Demand for cheese has slowed at both retail and food service levels. Distributors report a continued trend of users taking only enough for immediate or weekly needs.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4550-1.9125
Cheddar Single Daisies	:	1.4550-1.9175
Cheddar 40# Block	:	1.5675-1.7275
Process 5# Loaf	:	1.5700-1.7375
Process 5# Sliced	:	1.5900-1.7950
Muenster	:	1.6100-2.0125
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is unsettled. Many traders are unsure of short term price direction. At the Chicago Mercantile Exchange on January 22, the price of blocks was unchanged at \$1.4300 and barrels increased 4 cents to \$1.4000. The spread has narrowed to a more traditional 3 cents. In general, most purchases are for short term needs as overall offerings are expected to increase seasonally. Current barrel supplies remain tight to short of needs. Additional time is needed to replenish barrel supplies after the reduced output of recent weeks. Process interest is generally fair at best. Cheddar block offerings remain at least adequate for needs. Some product continues to be discounted from regular price levels to stimulate sales. Aged cheddar interest is spotty with some buyers reluctant to purchase product made after mid-July due to the higher cost. Milk receipts and cheese output are generally slightly higher.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.7050
Brick And/Or Muenster 5#	:	1.7100-1.8875
Cheddar 40# Block	:	1.6800-1.9150
Monterey Jack 10#	:	1.8800-1.9150
Blue 5#	:	2.0325-2.2500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7900-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.4850

WEST

Process cheese prices continue to increase while natural items are generally holding steady. Western contacts are not surprised at the ongoing market changes. Some are commenting that they would not be all that surprised to see barrel prices at the CME climb closer to or above the block price. Buying strategies are being called more normal at this time because buyers are not quite as worried that the market prices may soften sharply at any time. According to the U.S. Cold Storage Report for the end of December, natural cheese stocks are 413.9 million pounds, up 9.0% from last year and up 1.5% from November 1997. Swiss stocks, at 13.8 million pounds, are up 8.7% from December 1996 and up 2.7% from November 1997.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5175-1.8400
Cheddar 40# Block	:	1.6125-1.7300
Cheddar 10# Cuts	:	1.7500-1.9525
Monterey Jack 10#	:	1.7150-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

FOREIGN TYPE

Prices are unchanged and the market tone is steady. Stocks of cheese are adequate for the slow to fair demand. Cheese production in the EU-15 totaled 505,800 MT during October, 1.1% more than October 1996. Cheese output for the first ten months of 1997 is estimated at 4,925,900 MT, 0.2% more than the same period in 1996.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7650-2.3750
Gorgonzola	: 3.2400-5.9400	: 2.4300-2.4950
Parmesan (Italy)	: TFEWR	: 3.1750-3.2125
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4375-1.9450
Romano (Cows Milk)	: -0-	: 2.9625-3.2150
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Milk production is increasing slowly in most sections of the East. However, a sudden snow storm in parts of Virginia and the Carolinas has cut power, delayed farm pick ups, and disrupted over the road transportation schedules. Also, milk output in Northern New York is still feeling the aftermath of the early-January ice storm. Milk production in Florida ranges from increasing to steady and contacts report that they have not yet reached their peak. Handlers in Florida shipped approximately 40 loads of their milk out of state for manufacturing. Also, they did not take an additional 50+ loads they would normally pool from nearby states. Bottled milk sales are termed as flat in most areas. The snow storm, mentioned earlier, was said to hit so quickly that there was little panic buying of milk. Manufacturing schedules are moderate to heavy. Some plants have an abundance of milk and others are not so pressed. Some milk is clearing to out-of-region plants and other, in area, plants are helping out as best they can. These extra loads are often moving below class prices, delivered. In the Southeast, some manufacturing plants are still down, but contacts expect a few to be back on line in the near future. Demand for milk by Class II product makers has held up surprisingly well. The condensed skim market is unchanged. Demand is slow to fair. Recent jumps in butter prices are putting downward pressure on condensed skim spot prices, particularly within the range. The fluid cream market is mixed. The 17-cent jump in the Grade A butter price greatly impacts cream prices and many buyers are asking for and getting lower multiples from suppliers. Ice cream producers often slowed output because of the big jump in fat prices. They are taking their contracted volumes, but making fewer spot purchases. Production of sour cream and cream cheese is holding up quite well. Orders for Lent and Easter are starting to come in, but are, so far, light. Churning activity is moderate to heavy. Demand for butter is good, but many contacts think the demand is people wanting to store butter for future needs.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.6120 - 1.7360
Delivered Equivalent Atlanta	-	1.5872 - 1.8826 M 1.6120 - 1.7112
F.O.B. Producing Plants: Upper Midwest	-	1.6492 - 1.7112

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	1.0000 - 1.2500
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
JANUARY 23 - 29, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Class I demand is steady with the past week, generally at average usage levels. A total of 3 loads of Wisconsin milk are "direct shipped" and pooled under a Southern Federal Order. A total of 14 loads of Wisconsin milk were sent intra-regionally to Ohio and another 6 loads were sent to Michigan. A few loads of milk were reported moving into Wisconsin for manufacturing from further south. Manufacturing demand remains relatively quiet as fewer buyers are actively trying to acquire extra milk to produce extra product when many prices are showing signs of weakness. Cream prices are sharply higher, reflecting

the increases in the butter prices at the Chicago Mercantile Exchange. The price increases have caused ice cream producers to cut back or shift production towards lower fat products such as sherbet. Best cream interest is from the churns. Milk intakes are steady to slightly higher seasonally. The overall pattern for most upper Midwestern states in general continues from recent months, with overall intakes slightly below year ago levels. Further south in the midsection of the Central region, unseasonably warm temperatures (60's) have aided in boosting milk receipts a little faster. Warmer temperatures have provided a late January thaw, reducing the snow cover at many upper tier locations.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JAN 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 35.00- 40.00	\$ 31.00- 38.00
REPLACEMENT HEIFER CALVES	\$ 90.00-135.00	\$110.00-150.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JAN 22 - 28	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 39.75	\$ 29.00- 36.00

W E S T

California pool receipts of milk for December total 2.24 billion pounds, 1.5% lower than November on a daily average basis and 7.3% higher than December 1996. The blend price at a fat test of 3.84% is \$14.05. Class 1 products absorbed 22.87% of total receipts. The quota price for December is \$14.54, 14 cents higher than last month and 75 cents higher than last December. Base and overbase prices are \$12.84, up 14 cents from last month. Annual pool receipts for 1997 on a daily average basis in California total 26,383.8 billion pounds, up 10.4% from 1996. According to NASS, total estimated output for California for the year is 27,678 billion pounds, up 15.5% from calendar year 1996. This total compares to estimated Wisconsin 1997 output of 22,345 billion pounds. Conditions in the Southwest are much the same as past weeks. Production in New Mexico and Arizona continues to be affected by recent bad weather conditions. In California, weather patterns are more favorable and milk output is increasing on a steady basis. Contacts are stating that milk production continues to surpass last year at this time. Cream demand is somewhat mixed this week following the sharp increase in butter prices at the Chicago Mercantile Exchange cash market January 23. Ice cream demand is seasonally active, especially when featured, with production schedules keeping pace with demand. Conditions remain mild and wet in the Pacific Northwest. Most contacts are commenting that milk output is being helped by this very moderate weather. Hay supplies are stretching much further because of the mild weather, requiring less feed. The milk supply ranges from steady to increasing seasonally. Temperatures approaching 50 degrees have been noted in the northern Mountain States region. The muddy conditions noted at most feedlot dairies over the past two weeks are improving. Milk output has not been impacted by the stress. However, some herd health issues, including mastitis, are noted. Some contacts are wondering how many times they are going to have to go through the mud cycle this winter/spring since it is starting so early. Most dairymen are not looking forward to this prospect.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 01/29/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices and the market tone are unchanged. Demand is limited with an emphasis on low heat production. Spot sales activity is minimal with few transactions reported. The general feeling within the industry is that prices have leveled off. Current prices are low enough to be competitive with offered Western powder. Production levels vary from inactive to moderate depending upon available milk supplies.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0300 - 1.0775 MOSTLY: 1.0400 - 1.0500

DRY BUTTERMILK - CENTRAL

Prices and the market tone are steady. Buying interest is limited. Production levels are higher as churning schedules have increased in some plants. A few contacts believe the market may firm up soon, but this is yet to be seen. Producer stocks are adequate for current needs.

BUTTERMILK: .9200 - .9450

DRY WHEY - CENTRAL

Prices are lower and the market tone continues to weaken. Many in the industry feel that prices are now at a more stable and competitive level when compared to previous weeks. Demand has improved slightly, but remains light overall. The desperation of manufacturers to find buyers has ended. Offerings are available from most sources and sales are occurring. Some contacts believe that price is not the major reason for buyers re-entering the market. Many end users that had inventories to get through the holidays have run dry and must now purchase. Some export interest has been generated with the lower prices and a few orders are being booked. Production levels are steady and inventories range from minimal to moderate. Producers wonder if stocks will be adequate to meet industry needs in the upcoming weeks as the market begins to settle.

NONHYGROSCOPIC: .2300 - .2700 MOSTLY: .2400 - .2500

ANIMAL FEED WHEY - CENTRAL

Prices are lower for milk replacer and standard, while unchanged on roller ground and delactose. All prices are nominal. Demand has improved slightly as prices have declined, although, some buyers are still reluctant to purchase. Many continue to work off existing inventories. With edible whey production up, more offerings of downgrades are available. The delactose market is steady. Offerings are available for needs.

MILK REPLACER:	.2300 - .2450
STANDARD:	.2100 - .2300
ROLLER GROUND:	.2900 - .3050
DELACTOSE (Min. 20% protein):	.3400 - .3675

LACTOSE - CENTRAL AND WEST

Prices are unchanged and the market tone is steady. Demand remains good. Spot sales are active. End users, both feed and edible, continue to purchase product when offered. Stocks range from adequate to tighter than desired for some producers. Production levels are steady. There continues to be apprehension in the marketplace as a result of the ongoing Asian crisis. However, export business has not been affected much. Many domestic exporters are sending contract orders in normal volumes.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .2100 - .2250

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices and the market tone are steady. Buying interest remains good. Producers are filling contracts sufficiently, but availability for spot sales may often be limited. Product is moving well and quickly clears the marketplace when offered. Inventories are consistent and the majority of manufacturers are comfortable with the balance in supply and demand.

EXTRA GRADE 34% PROTEIN: .5775 - .6275 MOSTLY: .6050 - .6100

NONFAT DRY MILK - WEST

Nonfat dry milk powder markets are generally steady at unchanged prices. The tone to the market remains steady to weak. Producers and handlers do not anticipate much change in the market for the near future. Overall buying interest is light and continues to center around immediate/short term needs. Stocks are building and some surplus powder is moving to the government support program. During the week of January 19 - 23, Western producers offered nearly 5.2 million pounds of NDM to the CCC under the price support program. This is the largest weekly offering in recent history. For those producers that are not offering to CCC, they are trying to encourage domestic sales by offering powder at competitive prices.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0200 - 1.0550 MOSTLY: 1.0250 - 1.0350

HIGH HEAT: 1.0500 - 1.0650

DRY BUTTERMILK - WEST

Buttermilk powder markets are firmer with prices unchanged to higher. Stock levels are reported to range from fully committed to available for sale. Drying schedules continue at seasonal levels as churning remains active. Although stock levels are not tight, some buyers are returning to the market for future needs before stocks become limited seasonally and prices may increase greatly.

BUTTERMILK: .8700 - .9200 MOSTLY: .8900 - .9150

DRY WHEY - WEST

Prices are continuing to soften for Western whey powder. Stocks at the producer level are in much better shape than they were a few weeks ago. Sellers, however, remain concerned about the export prospects for the remainder of the first quarter and into the second quarter. The financial situation in the Far East will likely continue to be a problem for at least the first half of 1998. European whey prices are falling rather sharply also, but they contend that their price decline is unrelated to the softness in the U.S. Domestic demand is fair for a declining market. Production ranges from steady to slightly heavier.

NONHYGROSCOPIC: .2100 - .2500 MOSTLY: .2100 - .2300

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended January 23, on powder sales of 11,281,190 pounds f.o.b. California manufacturing plants was \$1.0360 per pound. This compares to 14,316,694 pounds at \$1.0352 for the previous week ending January 23, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST and SOUTHEAST

Prices and the market tone are unchanged. Production levels are increasing at some plants, steady at others. Producer stocks are more than ample for the current demand. Spot buying interest is unaggressive. Buyers are looking for deals and finding the best prices on block or large-volume (5 loads or more) purchases. Some prices below the low end of our range were noted, but these transactions were often for product with more six months age on it and/or borderline Extra Grade quality. Some DEIP orders are being filled which is helping clear some powder.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0275 - 1.1200 MOSTLY 1.0300 - 1.0500
DELVD SOUTHEAST: 1.0600 - 1.0850

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are generally unchanged. The market tone remains weak. Butter production is moderate to heavy and buttermilk drying is up accordingly. However, some suppliers do have contracts for condensed buttermilk which helps keep production from climbing and powder stocks from accumulating. Contacts report that demand is seldom better than fair. Some say there is little or no spot activity. Producers' stocks range from mostly balanced to fully adequate.

F.O.B. NORTHEAST: .9500 - .9800
DELVD SOUTHEAST: .9200 - .9800

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are mixed, ranging from lighter where more milk is available to process to heavier in those operations with new contracts to fill. Domestic, spot interest is slow to fair and DEIP or export interest is fair. Producer stocks are quite well balanced.

F.O.B. PRODUCING PLANT: 1.2500 - 1.3500

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH JANUARY 23, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	81,024	MT (178,635,319 LBS)
CHANGE	--	142	MT (313,053 LBS)
WHOLE MILK POWDER	--	6,229	MT (13,732,453 LBS)
CHANGE	--	103	MT (227,074 LBS)
CHEESE	--	2,571	MT (5,668,026 LBS)
CHANGE	--	195	MT (429,897 LBS)
BUTTERFAT	--	15,567	MT (34,319,008 LBS)
CHANGE	--	136	MT (299,826 LBS)

Allocations for the DEIP year beginning July 1, 1997, are:
Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT;
Cheese - 3,510 MT; Butterfat - 34,232 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue to fall and the market tone remains weak. However a supplier, trying to clear stocks by significantly lowering prices last week, did clear quite a bit of whey and moved prices back up this week. This price increase is not necessarily an indication of market strength. Contacts at all levels of the market continue to report inactivity on the part of buyers who still seem to be waiting for lower prices. Reports of single loads or LTL volumes are more common. Some export interest has been noted, but these reports are scattered and sales are price sensitive. Production levels are steady to heavier as more milk is often available to Eastern cheese makers. Plant stocks range from adequate to fully adequate. Most producers report having product on hand for immediate delivery.

F.O.B. NORTHEAST: EXTRA GRADE .2400 - .2750
USPH GRADE A .2500 - .2800
DELVD SOUTHEAST: .2600 - .3050

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is weak. Buyers are waiting to see if prices will continue to fall before making additional purchases. Most are taking contracted volumes, but new spot purchases are limited.

F.O.B. NORTHEAST: MILK REPLACER TFEWR

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady to heavier where producers have more milk available to them and they are working to replenish inventories. Demand is seasonally slow. The Kansas City Commodity office announced the purchase of 1,762,560 pounds of canned evaporated milk under EVD-1, invitation 410 at prices ranging \$.5251 - .5444 per pound for delivery in March 1998.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.50 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices remain unchanged, although the market tone is somewhat unsettled. Most casein users have secured contracts and filled their needs for the first and second quarters of this year. Very recent offerings from sourcing countries are indicating lower prices. U.S. buyers are being questioned if they could use any additional stock, with lower prices being used to possibly encourage a sale. Usually, U.S. buyers are full and are not taking advantage of the available stocks.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.1700 - 2.2000
ACID: 2.0000 - 2.1500

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES, ANNUAL AVERAGES, 1994-1997 ^{1/}												
CITY	1994			1995			1996			1997		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
Dollars Per Hundredweight												
Atlanta, GA	15.25	15.86	0.61	14.70	14.83	0.13	16.71	17.74	1.03	14.85	16.08	1.23
Baltimore, MD	15.20	16.19	0.99	14.65	15.60	0.95	16.66	17.46	0.80	14.80	15.92	1.12
Boston, MA ^{2/}	15.41	15.89	0.48	14.86	15.57	0.71	16.87	17.63	0.76	15.01	15.96	0.95
Carbondale, IL	14.18	16.01	1.83	13.63	14.64	1.01	15.64	16.99	1.35	13.78	15.89	2.11
Charlotte, NC	15.25	16.00	0.75	14.70	15.10	0.40	16.71	18.11	1.40	14.85	16.32	1.47
Chicago, IL	13.57	16.04	2.47	13.02	14.78	1.76	15.03	16.82	1.79	13.17	15.34	2.17
Cincinnati, OH	14.28	14.77	0.49	13.73	14.31	0.58	15.74	16.67	0.93	13.88	15.53	1.65
Cleveland, OH	14.17	14.54	0.37	13.62	14.12	0.50	15.63	16.41	0.78	13.77	15.34	1.57
Dallas, TX	15.33	15.57	0.24	14.78	14.96	0.18	16.79	17.25	0.46	14.93	15.46	0.53
Denver, CO	14.90	15.61	0.71	14.35	15.06	0.71	16.36	16.83	0.47	14.50	14.65	0.15
Des Moines, IA	13.72	14.67	0.95	13.17	13.82	0.65	15.18	16.41	1.23	13.32	14.95	1.63
Detroit, MI	14.02	15.06	1.04	13.47	14.30	0.83	15.48	16.36	0.88	13.62	14.69	1.07
Hartford, CT ^{2/}	15.31	15.79	0.48	14.76	15.47	0.71	16.77	17.53	0.76	14.91	15.86	0.95
Houston, TX	15.87	16.11	0.24	15.32	15.50	0.18	17.33	17.79	0.46	15.47	16.00	0.53
Indianapolis, IN	14.07	15.58	1.51	13.52	14.45	0.93	15.53	16.69	1.16	13.67	15.45	1.78
Kansas City, MO	14.09	14.56	0.47	13.54	13.99	0.45	15.55	16.55	1.00	13.69	15.22	1.53
Little Rock, AR	14.94	15.22	0.28	14.39	14.57	0.18	16.40	16.77	0.37	14.54	15.10	0.56
Louisville, KY	14.28	14.72	0.44	13.73	14.13	0.40	15.74	16.67	0.93	13.88	14.98	1.10
Miami, FL	16.35	17.60	1.25	15.80	17.13	1.33	17.81	20.06	2.25	15.95	18.84	2.89
Milwaukee, WI	13.48	15.95	2.47	12.93	14.69	1.76	14.94	16.73	1.79	13.08	15.25	2.17
Minneapolis, MN	13.37	14.18	0.81	12.82	13.47	0.65	14.83	16.02	1.19	12.97	14.57	1.60
New Orleans, LA	16.02	16.19	0.17	15.37	15.43	0.06	17.28	17.69	0.41	15.42	16.12	0.70
Oklahoma City, OK	14.94	15.31	0.37	14.39	14.56	0.17	16.40	16.88	0.48	14.54	15.16	0.62
Omaha, NE	13.92	14.88	0.96	13.37	14.02	0.65	15.38	16.41	1.03	13.52	15.05	1.53
Philadelphia, PA	15.26	16.26	1.00	14.71	15.64	0.93	16.72	17.47	0.75	14.86	15.94	1.08
Phoenix, AZ	14.69	14.69	0.00	14.14	14.14	0.00	16.15	16.15	0.00	14.29	14.29	0.00
Pittsburgh, PA	14.17	15.12	0.95	13.62	14.44	0.82	15.63	16.18	0.55	13.77	14.61	0.84
Rock Island, IL ^{3/}	13.65	14.60	0.95	---	---	---	---	---	---	---	---	---
St. Louis, MO	14.18	16.01	1.83	13.63	14.64	1.01	15.60	16.45	0.85	13.75	15.25	1.50
Salt Lake City, UT	14.07	14.22	0.15	13.52	13.67	0.15	15.53	15.73	0.20	13.67	13.90	0.23
Seattle, WA	14.07	14.52	0.45	13.52	13.97	0.45	15.53	15.88	0.35	13.67	14.01	0.34
Spokane, WA	14.07	14.52	0.45	13.52	13.97	0.45	15.62	16.07	0.45	13.77	14.30	0.53
Springfield, MO	14.36	14.79	0.43	13.81	14.21	0.40	16.10	16.71	0.61	14.24	15.20	0.96
Washington, DC	15.20	16.19	0.99	14.65	15.60	0.95	16.46	17.30	0.84	14.60	15.69	1.09
Waterloo, IA ^{3/}	13.55	14.50	0.95	---	---	---	---	---	---	---	---	---
Simple Average	14.55	15.36	0.81	14.05	14.69	0.64	16.06	16.92	0.86	14.21	15.36	1.16

^{1/} These figures are simple averages of monthly prices. The cooperative price represents over-order Class I prices announced for the beginning of the month by cooperative associations in various city markets. The information relates to the major cooperative in each of the city markets and does not apply to all of the Class I sales in these city markets. These data are common market knowledge in the sense that the information represents basic Class I price announcements by the cooperative sent to all handlers who buy milk from them. These announced over-order prices represent charges for various services performed by the cooperative. Announced prices may not include handling or service charges applicable to milk from supply plants. In some instances, the announced over-order prices are not uniform in that competitive credits may be allowed. These prices have not been verified as having been actually paid by handlers. ^{2/} Data for 1997 does not include impact of Northeast Dairy Compact. ^{3/} This price series was discontinued in April 1995.

WORLD DAIRY SITUATION AND OUTLOOK*

Production: Cow milk production in selected countries for 1997 is estimated at 381.3 million tons, up 2 percent from 1996. Significant production declines in Russia and Ukraine were more than offset by continued rapid growth in Oceania and a resumption of expansion in the United States. Brazil, Argentina, and China were also characterized by strong growth in 1997. For 1998, cow milk production is forecast to increase another 2 million tons. South America, Australia, and India are expected to show significant increases, while only moderate growth occurs in the United States. Milk cow numbers continued trending downward in most countries during 1997, to 132.4 million head, but rising output per-cow allowed milk production to increase. A further small decline in cow numbers is forecast for 1998 but higher per cow yields due to improved genetics and better management are expected to facilitate another increase in milk production. For the major dairy products, only butter production, at 5.1 million tons, showed a decrease in 1997. Output of cheese, nonfat dry milk (NDM), and whole milk powder (WMP), estimated at 11.8, 3.1, and 2.5 million tons respectively, each showed some growth in 1997. For 1998, cheese production is forecast to gain another 2 percent, butter output may gain 1 percent while output of NDM declines about 1 percent.

Trade: International trade flows for the major dairy products strengthened in 1997 with butter showing an especially strong recovery. Total butter exports in 1997 are now estimated at 779,000 tons, 12 percent above 1996 due to significantly higher exports by both Oceania and the EU. Shipments to Russia accounted for nearly all of the growth on the import side. Total 1998 butter exports are forecast to drop back to 715,000 tons with New Zealand accounting for most of the export decline. Total cheese exports in 1997 are estimated at 976,000 tons, up 6 percent from 1996. Rapid growth occurred in 1997 with increased exports from Argentina, New Zealand, and Australia which more than offset another decline in EU exports. Russian imports were up sharply in 1997 and should rise again in 1998. Japan's cheese imports continue to show steady growth. Preliminary trade data for NDM indicate a sharp gain in 1997 exports, pushing the total above one million tons. The United States, with increased DEIP activity, and Oceania accounted for most of the increase at the aggregate level. Aggregate exports of NDM are expected to show little change in 1998 even with reduced exports from the United States. Most of 1997's import increase was by countries not covered by this circular. Trade in WMP moved upward again in 1997 and will likely maintain that level in 1998. Most of the increased exports came out of Australia and New Zealand. Also, similar to the situation for NDM, most of the trade increase went to countries not covered by this publication.

Prices: During the first half of 1997, international dairy prices were heavily influenced by the rapid and seemingly unstoppable climb in the value of the dollar. In December 1997, concerns about the currency fluctuations and economic conditions in Asia, plus speculation relative to the impact of El Nino weather were affecting international prices. Currently, prices for NDM are \$250 to \$300 below early 1997, when NDM prices were trading in the \$1,900 to \$2,000/ton (FOB basis) range. In recent months NDM prices have generally been trending downward. In contrast, international prices for butterfat have been surprisingly firm, largely due to continued strong demand from Russia and short supplies in the EU. Cheese appears to have established a firm level at prices at \$2,400/ton (Basis FOB North Europe Ports). As mentioned, the two major unknowns in the price outlook for the first half of 1998 are the economic problems of Asia and the production effects of El Nino. If the general economic problems result in a severe downturn in demand for NDM, then supplies from Australia and New Zealand will need to find new markets during the months when shipments are normally high. Such a situation would probably have a strong negative influence of international prices. The outlook for world butterfat prices points to a stable or rising market during the first half of 1998. In both the United States and the EU the domestic butter situation remains relatively tight and it is unlikely either will have significantly more to export before spring weather boosts milk supplies. International cheese prices likely will stay fairly flat.

* Prepared by Market Information Branch, Dairy Programs, AMS, USDA.

Source: "Dairy: World Markets and Trade," FD 1-98, January 1998, Foreign Agricultural Service, USDA. For further information contact Arthur Coffing at (202) 720-3761.

CCC PURCHASES OF DAIRY PRODUCTS

FOR THE WEEK OF OF JANUARY 26 - 30, 1998				CUMULATIVE TOTALS				UNCOMMITTED INVENTORIES			
TOTAL		CONTRACT		ADJUSTED		SINCE		SAME PERIOD		PERIOD ENDING	
PURCHASES		ADJUSTMENTS		PURCHASES		10/01/97		LAST YEAR		01/16/98	
BUTTER											
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE											
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK											
Nonfortified	2,782,144	363,751	2,418,393*	21,697,983	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	2,782,144	363,751	2,418,393	21,697,983	-0-	-0-	-0-	-0-	-0-	-0-	-0-

*Includes both pre and post 1/1/98 powder.

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

		MILKFAT*	SKIM**			MILKFAT*	SKIM**
		BASIS	SOLIDS			BASIS	SOLIDS
WEEK OF JANUARY 26 - 30, 1998 =		0.5	28.2	COMPARABLE WEEK IN 1997 =		0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =		4.8	252.6	CUMULATIVE SAME PERIOD LAST YEAR =		0.0	0.0
CUMULATIVE JANUARY 1 - 30, 1998 =		3.0	161.2	COMPARABLE CALENDAR YEAR 1997 =		0.0	0.0

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL										
REGION		BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT		
		1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1996/97
MIDWEST		-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0	0.0
WEST		-0-	-0-	-0-	-0-	21,587,808	-0-	99.5	0.0	0.0
EAST		-0-	-0-	-0-	-0-	110,175	-0-	0.5	0.0	0.0
TOTAL		-0-	-0-	-0-	-0-	21,697,983	-0-	100.0	0.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998

MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95

DOLLARS PER POUND

BUTTER: Bulk \$.6500; 1# Prints \$.6800

CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075

NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 01/10/98 & Comparable Week 1997 (1/ 2/)

Regions*												: U.S. TOTAL		: % DAIRY OF ALL	
												WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
1997-Dairy cows	HD (000)	: 0.3	1.6	---	14.5	26.0	4.4	4.4	1.2	12.2	3.4	68.0	118.4	47.3	47.6
1996-Dairy cows	HD (000)	: 0.5	1.6	---	15.5	30.4	3.3	4.5	1.4	12.1	3.4	72.7	128.4	44.9	44.7
1997-All cows	HD (000)	: 0.3	1.7	---	29.3	36.8	19.5	24.3	8.4	14.6	8.8	143.7	248.7		
1996-All cows	HD (000)	: 0.5	1.7	---	32.6	41.0	22.4	27.4	12.9	14.9	8.3	161.9	287.0	**REGION 3 & 4 COMBINED**	

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES (POUNDS) 01/23/98

PROCESS		MARCH DELIVERY	
PROCESS 2# LOAF	475,200	\$1.4480	1.4875
PROCESS 5# LOAF	1,108,800	\$1.3790	1.4810
PROCESS SLICED	1,980,000	\$1.3887	1.4700
MOZZARELLA			
MOZZARELLA	1,451,520	\$1.3650	1.4360
MOZZARELLA LITE	161,280	\$1.4010	1.4350
MOZZARELLA LT SHRD	1,048,320	\$1.4780	1.5050
CHEDDAR			
BLOCKS	39,950	\$1.5147	
CUTS	39,950	\$1.7100	
REDUCED FAT CUTS	159,801	\$1.9400	
REDUCED FAT SHRED	345,600	\$1.7594	1.7855

OFFERS TO SELL ADDITIONAL QUANTITIES TO CCC WERE REJECTED DUE TO PRICE.

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 37,655,775

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29